

WASHINGTON STATE BOARD OF ACCOUNTANCY

Unapproved Draft - Minutes of a Regular Meeting of the Board – Unapproved Draft

Time and Place of Meeting	9:00 a.m. – 2:10 p.m. Friday, January 30, 2015 Crowne Plaza Seattle Airport Queen Anne Room 17338 International Boulevard SeaTac, Washington
Attendance	Donald F. Aubrey, CPA, Chair, Board Member Lauren C. Jassny, Vice Chair, Public Board Member Karen R. Saunders, CPA, Secretary, Board Member Elizabeth D. Masnari, CPA, Board Member Emily R. Rollins, CPA, Board Member Thomas G. Neill, CPA, Board Member Edwin G. Jolicoeur, CPA, Board Member (left at 1:55 p.m.) Favian Valencia, Public Board Member (arrived at 9:25 a.m.) Bruce L. Turcott, Assistant Attorney General, Board Advisor Jennifer Sciba, Deputy Director Charles E. Satterlund, CPA, Director of Investigations Keith Schuster, CPA, Executive Risk Management Advisor Hillary Mojitie, Communication Specialist Kirsten Donovan, Board Clerk
Call to Order	Board Chair, Don Aubrey, called the regular meeting of the Board to order at 9:00 a.m. The Board Chair excused the absences of Gerald F. Ryles, Public Board Member and Richard Sweeney, CPA, Executive Director.
Motion for Entry of Default Order – Jolene Hillis – ACB-1405	The Board Chair announced the removal of the Default Order for ACB-1405 – Jolene Hillis from the agenda. Board staff closed the case prior to the Board meeting.
Minutes – October 24, 2014 Annual Board Meeting	The Board approved the minutes of the October 24, 2014, annual Board meeting as presented.
Delegations of Authority	The Board reviewed the following delegation with the Executive Director's proposed revisions to reflect current practices. The Board approved the delegation as revised, with a correction for a typographical error, including the current chair's name and signature effective February 5, 2015:

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- Charges, Subpoenas, Negotiate Settlement – *Delegated to Executive Director, Richard C. Sweeney, CPA*

The Board voted to retain the following delegations revised for the current chair's name and signature:

- Administrative Notices of Non-Compliance/Administrative Sanctions - *Delegated to the Executive Director*
- CPE Waiver Extension Requests/Request Review Committee
 - *Delegated to Executive Director:* CPE Waiver Extension Requests due to individual hardship, including but not limited to, financial hardship, critical illness, or active military deployment for up to 16 credit hours.
 - *Delegated to Executive Director with Concurrence of a Board member:*
 - CPE Waiver Extension Requests due to individual hardship, including but not limited to, financial hardship, critical illness, or active military deployment over 16 credit hours
 - Firm Names
 - Professional/Education Organization Recognition Requests
 - Late Fee Waiver Requests where individual hardship is a factor
 - Domestic or foreign education credential evaluation services
 - *Delegated to one member of the Request Review Committee:* Appeal of Denials of Request for Lists of Individuals
- Authority to Conduct Investigations – *Delegated to the Director of Investigations*
- Quality Assurance Oversight/Review of Publicly Available Professional Work
 - *Delegated to the Executive Director with concurrence of one Board member:* Quality Assurance Oversight
 - *Delegated to the Executive Director:* Review of publicly available professional work.

Rules Review

WAC 4-30-060 What are the education requirements to qualify to apply for the CPA examination?

Tom Neill, Chair of the Qualification's Committee, presented the Board with a draft and led the discussion of proposed revisions to the rule.

The discussion included concerns related to:

- No specific accounting credit requirement.
- Whether the rule with the proposed changes remains substantially equivalent.
- The elimination of the 180-day provision.
- The addition/wording of requirement 1(d) which states "...the Board encourages..."

The Board voted unanimously to refer the rule back to the Qualifications Committee for additional research and editing. The research will include contacting NASBA officials and other state boards regarding the substantially equivalent concern.

Memorandum of Understanding and Cooperation with British Columbia

The Board Chair presented and requested approval on the final draft of a *Memorandum of Understanding and Cooperation between the Institute of Chartered Accountants of British Columbia or Its Successor and the Washington State Board of Accountancy*.

The Board unanimously approved the memorandum as written and authorized the Board Chair and Executive Director to sign on behalf of the Board.

The Board Chair and Executive Director will travel to British Columbia for the signing of the document with British Columbia officials on February 18, 2015.

Foreign Education Evaluation Services

The Board Chair deferred the discussion on foreign education evaluation services until the April Board meeting at the request of the Deputy Director.

NASBA Update

Ed Jolicoeur reported on the quarterly NASBA Board of Directors (BOD) meeting held January 21-23, 2015. The BOD meeting topics included:

- DOL referrals for audits.
- Peer review failures.
- Education and accreditation.
- International credentials and pathways to CPA

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licensure.

Emily Rollins reported that she has started on the NASBA Enforcement Committee.

Tom Neill reported on the NASBA Ethics and Professional Commitment Committee meeting. The meeting topics included the AICPA – IFAC proposed international rules, which the committee is reviewing.

Motion for Entry of Default Order – Tsz Wah (Martin) Fok – ACB-1408

The Director of Investigations presented the Default Order for ACB-1408 – Tsz Wah (Martin) Fok.

The Board voted unanimously to adopt the Default Order as written.

Chair's Report

The Board Chair led a discussion on potential statute and rules revisions.

Firm Mobility – After discussing the benefits and challenges associated with adopting firm mobility the Board voted unanimously to move forward with firm mobility consistent with the Uniform Accountancy Act (UAA). The Board Chair advised that a third party would be retained to look at the statute and compare to the UAA.

Attest – Conforming to UAA language – The discussion related to revising the statute and rule definition of attest to become consistent with the UAA definition.

The Board Chair asked that the Board Members review and prepare to discuss the following topics at the April Board meeting:

- Titles
- Elimination of CPA-Inactive status
- Timeframe for licensure after passing the CPA Exam
- Definitions
- CPA license renewal cycle
- CPE annual requirement

Executive Committee

Don Aubrey reported that he met with the Executive Director, the Vice Chair, the Secretary, and the outgoing Chair on

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December 30, 2014 by teleconference. Their discussion items were included as part of the Chair's Report.

**Compliance
Assurance
Oversight
Committee**

Ed Jolicoeur reported on the 2013 and 2014 peer review oversight reports.

Ed requested that the contract with committee members, Deidra Roberts, CPA and Nina Gerbic, CPA, be renewed. Board staff will prepare the new contract.

**Legislative Review
Committee**

Rich Jones, CPA, Washington Society of CPAs (WSCPA) President & CEO, reported on the following current legislation:

- Exclusion/exemption from Private Investigator (PI) licensure for CPAs who perform investigative work.
- Creation of an accounting scholarship fund.

**Quality Assurance
Committee**

Tom Neill reported on the 2014 CPE audit.

**Request Review
Committee**

Karen Saunders reported on the 4th quarter 2014 approval and denials from the committee:

Firm Names: *Approved:*

- THE FULLINWIDER FIRM, LLC
- KS&CO
- FOUR SEASONS BUSINESS SERVICES PLLC
- CATALYST ADVISORY GROUP
- FINITY TAX PLLC
- SRG LLP

Professional/Educational Organization - Recognition Requests:

During the 4th quarter 2014, the Board approved Further Ed Inc., Washington Academy of Elder Law Attorneys, and FDA, Inc. as educational organizations for purposes of obtaining a list of individual CPAs.

The Board denied Dataline Inc. as an educational organization for purposes of obtaining a list of individual CPAs.

Domestic or Foreign Education Credential Evaluation Services – Applications:

During the 4th quarter 2014, the Board did not

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receive any requests for recognition of domestic or international education credential evaluation services.

CPE Extension Requests: CPE Extension Requests were received between 11/01/2014 and 12/31/2014.

A total of 48 requests were received:

- 9 requests were for hours 16 or under-
 - 7 requests were approved
 - 1 request was denied
 - 1 request was withdrawn - CPE completed prior to 12/31/2014
- 39 requests were for hours 17 or over
 - 29 requests were approved
 - 6 requests were denied
 - 5 requests were withdrawn - CPE completed prior to 12/31/2014

State Ethics Compliance Committee

Lauren Jassny had nothing to report.

Qualifications Committee

Tom Neill had nothing to report.

Performance Review and Succession Committee

Emily Rollins reported that she prepared a draft letter to the Governor concerning the Board's desire to work with the Governor's office regarding Executive Director succession planning. Board Members will receive a copy of the draft letter for review next week.

The Board Chair will contact the Governor's Office to inquire if the Governor's Office is open to scheduling a meeting. If a meeting is to be scheduled, the Board Chair will coordinate with Rich Jones, CPA, WSCPA President & CEO, to jointly present their recommendations to the Governor's Office.

Executive Director's Report

Governor's Budget Summary, including Fund Balance Sweep: Jennifer Sciba, Deputy Director, provided the Board with an update on the Governor's budget summary.

Revenue Reports: The Board Chair deferred this agenda item

until the Executive Director is able to present.

Draft of the Board Travel and Meeting Policy: The Board Chair presented a draft and led the discussion of Policy Number 2015-1, Board Travel and Attendance at Group Gatherings.

The Board voted unanimously to adopt the Policy as written effective January 30, 2015.

Draft Amendment to Board Rule, WAC 4-30-050, What are the requirements concerning records and clients confidential information?: The Board Chair presented a draft with proposed revisions and led the discussion on Board Rule, WAC 4-30-050. The revisions required that licensees have a plan in place for a successor to take control of client records and confidential information in the event that a licensee becomes inaccessible or permanently unavailable.

Board Members expressed concerns regarding the liability and accountability of the successor.

The Board voted unanimously to establish the Client Record Task Force to research the concerns expressed. The following Board Members volunteered to serve on the task force:

- Chair - Tom Neill
- Member - Karen Saunders

AICPA Report: The Board Chair deferred this agenda item until the Executive Director is able to present.

Director of Investigations Report

Investigation Statistics/Investigations & Administrative Sanctions: Charles Satterlund, CPA, Director of Investigations, provided the following report to the Board:

- Enforcement Report: October 1, 2014 through December 31, 2014

Charles Satterlund reported:

- Investigation caseload position is vastly improved.
- Conflict of interest remains a primary reason for the filing of complaints and is being considered as a

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potential outreach topic.

Legal Counsel's Report

Bruce Turcott, the Board's legal counsel, reported:

- No decision has been announced in North Carolina State Board of Dental Examiners case.
- Certificate of restoration bill currently in legislation.

Executive and/or Closed Sessions with Legal Counsel

No executive or closed sessions with legal counsel held.

Public Input

Rich Jones, CPA, Washington Society of CPAs (WSCPA) President & CEO, reported at various times throughout the meeting.

Adjournment

The Chair adjourned the meeting at 2:10 p.m.

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Secretary

Chair

Vice-Chair

Member

Member

Member

Member

Member

Member